



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING

REBECCA A. HUMPHRIES
DIRECTOR

September 29, 2004

The Honorable Michelle McManus, Chair
Senate Appropriations Subcommittee on
Natural Resources
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable John Pastor, Chair
House Appropriations Subcommittee on
Natural Resources
State Capitol
P.O. Box 30014
Lansing, Michigan 48909-7514

Dear Senator McManus and Representative Pastor:

In compliance with Section 705, PA 147 of 2003, attached is a report on the economic impact and the financial status of the Department of Natural Resources (DNR) ski hill in the Porcupine Mountains Wilderness State Park.

If you have questions regarding the above, please feel free to contact me.

Sincerely,

Sharon M. Schafer, Chief
Budget and Support Services
517-335-3276

Attachment

cc: Senate Appropriations Subcommittee Members
House Appropriations Subcommittee Members
Ms. Jessica Runnels, Senate Fiscal Agency
Dr. Kirk Lindquist, House Fiscal Agency
Ms. Mary Lannoye, Department of Management and Budget (DMB)
Mr. Jacques McNeely, DMB
Ms. Jennifer Harrison, DMB
Director Rebecca A. Humphries, DNR
Mr. Dennis Fedewa, Chief Deputy, DNR
Ms. Mindy Koch, Resource Management Deputy, DNR
Mr. Rodney Stokes, Legislative Liaison, DNR
Mr. Joseph Frick, DNR
Ms. Jane Schultz, DNR

Porcupine Mountain Wilderness State Park Ski Hill Economic Impact and Financial Status

In Fiscal Year 2004, the Department of Natural Resources (DNR) entered into a fifteen-year contract with a concessionaire to operate the chairlift at the ski hill. In addition, the DNR entered into a twenty-year contract with a concessionaire in 1996 to provide multiple services at the ski hill Chalet.

The services provided at the Chalet during the ski season include a lounge and eating area, food service, ski rental, winter sports product sales, repair services, and restrooms. During the summer season, the Chalet services include the sale of snack foods, sports equipment rental and sales, clothing sales, canoe/kayak/bicycle rentals, and pickup and delivery services for trail users.

The DNR's revenue and expenses for the ski hill operations since entering into a contract with the chairlift concessionaire have changed as follows:

	<u>FY 2003</u>	<u>FY 2004</u>
Revenues	\$ 80,636	\$ 0
Expenditures	<u>FY 2003</u>	<u>FY 2004</u>
Salaries and Wages	\$153,729	\$ 5,598
Retirement/FICA/Medicaid	37,136	1,750
Fringe Benefits	23,354	1,013
CSS&M	71,051	30,356
Travel	<u>222</u>	<u>0</u>
Total Expenditures	\$285,492	\$ 38,717
Profit/(Loss)	\$(204,857)	\$(38,717)

Note: A portion of the FY 2004 salaries and wages above was for oversight of the contracts. The remaining FY 2004 CSS&M expenditures were related to the Chalet operations.

Staffing

In Fiscal Year 2003, the DNR maintained a staff of 12 State Worker 04s for operation of the chairlift. In Fiscal Year 2004, the concessionaire that operates the chairlift maintained a staff of 11 and received help three days per week from one employee who worked at another ski hill, as well.

Economic Impact Summary

In Fiscal Year 2004, the DNR continued to provide a recreational opportunity in the form of skiing and reduced the DNR's costs by \$166,140 by contracting out the operation of the chairlift. There was no significant change in the hours of operation, the opening and closing dates, or in staffing.